# CI GAMES
# CAPITAL GROUP

MIDYEAR ABBREVIATED CONSOLIDATED
AND INDIVIDUAL FINANCIAL STATEMENT
FOR THE FIRST SIX MONTHS OF 2016

Warsaw, 30 August 2016

**Table of contents**

## Information on the parent company of CI Games S.A. and subsidiaries covered with the consolidated statement

- CI Games S.A. was created by the transformation of City Interactive sp. z o.o. with its registered office in Warsaw. Originally, it operated under the business name of City Interactive S.A. pursuant to the entry in the Register of Entrepreneurs of the National Court Register of 1 June 2007, made based on the notarial deed no. Rep. A 2682/2007 of 16 May 2007. On 7 August 2013 the District Court for the Capital City of Warsaw in Warsaw, XIII Commercial Division of the National Court Register recorded the change of the Company's name from the existing one to CI Games S.A. The company registered office is in Warsaw, at ul. Puławska 182.
- The Company is entered in the Register of Entrepreneurs under KRS no. 0000282076. The entry was made by the District Court for the Capital City of Warsaw in Warsaw, XIII Commercial Division of the National Court Register.
- The core activities of the Company include production, publication and distribution of computer games.
- According to the Company's Articles of Association, the term of the Company is not limited.
- In the initial six months of 2016 the Company Management Board was composed of:

| | | |
|---|---|---|
| • Marek Tymiński | President | |
| • Adam Pieniacki | Member | |
| • Monika Rumianek | Member | |
| • Łukasz Misiurski | Member | until 27.03.2016 |

- The Supervisory Board of the Parent Company was unchanged during the initial six months of 2016:

| | |
|---|---|
| • Dasza Gadomska | Supervisory Board Chairwoman |
| • Grzegorz Leszczyński | Supervisory Board member |
| • Tomasz Litwiniuk | Supervisory Board member |
| • Mariusz Sawoniewski | Supervisory Board member |
| • Norbert Biedrzycki | Supervisory Board member |

- The Company is the parent company of the Capital Group, which draws up the consolidated financial statement. The Capital Group comprises the following companies which are covered by the statement:
  - CI Games S.A. with its registered office in Warsaw. Share capital: PLN 1,391,449.90. Parent company.
  - CI Games Germany GmbH in liquidation – company with its registered office in Frankfurt am Main, Germany. Share capital of EUR 25.000. 100% of shares held by CI Games S.A. The company was put into liquidation in Q4 2015.
  - CI Games USA Inc. – a company having its registered office in Delaware, U.S. Share capital of USD 50.000. 100% of shares held by CI Games S.A.
  - Business Area Spółka z o.o. – company headquartered in Warsaw, Poland. Share capital: PLN 5,000. 100% of shares held by CI Games S.A.
  - Business Area Spółka z o.o., sp.j., transformed from Business Area Spółka z ograniczoną odpowiedzialnością S.K.A., headquartered in Warsaw, Poland, with its share capital of PLN 1,050,000. 99.99% of shares held by CI Games S.A.
  - CI Games Cyprus Ltd. headquartered in Nicosia, Cyprus. Share capital: EUR 1,200. 100% of shares held by CI Games S.A.

- CI Games S.A. sp.j. (transformed from CI Games IP Sp. z o.o.) – company headquartered in Warsaw, Poland. 0.01% of shares held by CI Games S.A.

## Basis for presentation and preparation of the midyear abbreviated financial statements

### Statement of compliance with IFRS

The midyear abbreviated consolidated financial statement of CI Games Capital Group and midyear abbreviated individual financial statement of CI Games S.A. ("midyear abbreviated financial statements") were drawn up for 6 months, ending on 30 June 2016.

The presented midyear abbreviated financial statements meet the requirements of the International Accounting Standard IAS 34 *"Midyear Financial Reporting"* referring to midyear financial statements and do not contain all the information required for yearly financial statements. The midyear abbreviated financial statements should be read together with the yearly financial statements (consolidated and individual respectively).

The midyear abbreviated consolidated financial statement of the Group is disclosed to the public together with the midyear abbreviated individual financial statement. To gain comprehensive understanding of the financial result and standing of the Issuer, the midyear abbreviated individual financial statement of CI Games S.A. should be read together with the midyear abbreviated consolidated financial statement of the Group.

Drawing up the financial statement in accordance with IFRS needs to be based on the specific accounting estimates. The Management Board needs also to apply their own judgment when applying the accounting principles adopted by the Group. The issues referring to which higher judgment is required, issues more complex or the ones for which the assumptions and estimates are material from the financial statement perspective were not, in principle, changed when compared to the end of 2015.

The midyear abbreviated consolidated financial statement of the Capital Group CI Games and midyear abbreviated individual financial statement of CI Games S.A. were approved by the Management Board for publication on 30 August 2016.

### Grounds for preparing midyear abbreviated financial statements

The enclosed midyear abbreviated financial statements were prepared in accordance with the accounting principles adopted when preparing yearly financial statements for the financial year ending on 31 December 2015.

Both the midyear abbreviated consolidated statement of CI Games Capital Group and the midyear abbreviated individual financial statement of CI Games S.A. were drawn up assuming continued operations in the foreseeable future and in the belief that there are no circumstances proving the threat to the continuation of the activity by the capital group/parent company respectively.

All the values presented in midyear abbreviated financial statements were presented in thousands PLN, unless it was indicated otherwise. The data in this statement were rounded. The roundings were made by rejecting values below PLN 499 and 49/100 respectively and rounding up in the other circumstances.

**Adopted accounting principles**

a) Application of International Accounting Standards

The financial statements are drawn up in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) adopted by the European Union ("EU") and interpretations adopted by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) applicable in the business conducted by the Company and binding in annual reporting periods commencing January 1, 2007, together with the requirements of the Ordinance of the Minister of Finance of February 19, 2009 concerning current and periodical information provided by issuers of securities and the terms and conditions for information required by the provisions of law of a non-member state being recognized as equivalent (Polish Journal of Laws no. 33, item 259).

The financial statements for the period from 1 January to 30 June 2016 are subsequent financial statements prepared in accordance with IAS/IFRS. Comparative data is sourced from the financial statements prepared in accordance with IAS/IFRS. IAS/IFRS were adopted on 1 January 2007.

b) Basis for preparing the consolidated financial statements

Figures in the consolidated financial statement are given in thousands PLN which is the presentation and functional currency.

The consolidated financial statements were drawn up on historical cost basis. Preparation of consolidated financial statements in accordance with IAS/IFRS requires that the Management Board provide professional judgments, estimates and assumptions which have an impact on the adopted principles and the value of assets, liabilities, revenues and costs presented. Estimates and associated assumptions are based on previous experience and other factors which are acknowledged as reasonable in given circumstances and their results provide a basis for professional judgment concerning the carrying amount of assets and liabilities which does not directly result from their sources. Actual values may differ from estimates.

Estimates and associated assumptions are subject to systematic verification. Changes in assumptions are recognized in the period in which they were made.

The principles of the accounting policy presented below were applied in relation to all periods presented in the submitted consolidated financial statements as well as in drawing up an opening balance sheet in accordance with IAS/IFRS as at January 1, 2007 for the purposes of implementing the transition from Polish accounting standards to IAS/IFRS-compliant reporting.

c) Principles of consolidation

*(i) Subsidiaries*

The CI Games Capital Group consolidated financial statements were drawn up applying the acquisition method as the means of settlement adopted on the date of the share purchase transaction (fully consolidated). In drawing up the financial statements, the parent combines the financial statements of the parent and subsidiaries through summing up individual assets, liabilities, shares in equity, revenues and costs.

In order to ensure appropriate presentation of financial information concerning the Capital Group in the consolidated financial statements as if it constituted a single commercial entity, only the carrying amount of the parent's investments in subsidiaries and such part of the subsidiary's equity as corresponds to the parent's share is presented.

The method applied for converting the financial statements of companies operating abroad depends on the means by which they are financed and the type of business activity conducted in relation to the entity drawing up the financial statements. For this reason, in accordance with IAS 21, entities operating abroad are broken down into: "entities operating abroad, whose operations constitute an integral part of the operations of the entity drawing up the financial statements" and "foreign operations".

For conversion of the financial statements of subsidiaries operating abroad, the aforementioned entities have been classified as "foreign operations" in accordance with IAS 21. When converting the financial statements of foreign operations, in order for these to be included in the financial statements of the entity drawing up the financial statements, the following principles were applied:

- assets and liabilities, both monetary and non-monetary, were translated at the closing rate.
- revenue and cost items of foreign operations were translated at the exchange rate as at the date of executing transactions, with the exception of situations where the foreign operation is drawing up reports in hyper-inflationary economic conditions. In this situation items would be converted at the closing rate.
- all exchange rate differences are recognized in equity until disposal of the net investment.

The financial results of entities acquired or disposed of during the year are recognized in the consolidated financial statements from/to the moment of their acquisition or disposal, respectively, if this constitutes significant value for the presented financial statements.

Where necessary, adjustments are made in the financial statements of subsidiaries or associates in order to unify the accounting principles applied by the entity with the principles applied by the parent. All transactions, balances, revenues and costs between related parties covered by consolidation are subject to exclusion.

*(ii) Associates, joint ventures*

Associates are business entities where the Company exerts significant influence, although does not control their operational and financial policies.

The Company's joint ventures are entities where the Company exercises joint control over their operations pursuant to contractual arrangements.

The consolidated financial statements contain the Group's share of the profits and losses of associates / joint ventures using the equity method, from the moment of acquiring significant influence / joint control until the expiry of such influence/control. The Group also measures the loss in value of shares in the net assets of associates / joint ventures and makes the appropriate revaluation decreases. In the event of the Group's participation in losses exceeding the carrying amount of the associate / joint venture, such amount is reduced to zero and recognition of further losses ceases as far as there is no legal obligation to cover losses or payment had not already been made to cover such liabilities.

Goodwill arising during consolidation results from the occurrence as at the acquisition date of a surplus of the cost of acquiring the entity over the fair value of identifiable assets and liabilities of the subsidiary, associate or joint venture as at the acquisition date.

Goodwill acquired through a merger of commercial entities is not amortized. Goodwill is subject to impairment testing at least once per year. Any impairment is immediately recognized in the profit and loss statement. In disposal of a subsidiary, associate or joint venture, the appropriate part of goodwill is taken into consideration in calculating the profit or loss on disposal.

*(iii) Consolidation adjustments*

The balance of internal settlements between Group entities, transactions executed within the Group and all unrealized profits or losses resulting thereunder, together with Group revenues and costs, are excluded during the preparation of the consolidated financial statements. Unrealized profits resulting from transactions with associates and joint ventures are excluded from the consolidated financial statementsproportionally to the level of the Group's participation in such entities. Unrealized losses are excluded from the consolidated financial statements on the same principles as unrealized profits, until the moment when evidence indicating impairment arises.

d) Property, plant and equipment

*(i) Own property, plant and equipment*

Property, plant and equipment are fixed assets which are retained to be used in the production process or in supplying goods and providing services, in order for them to be handed over to other entities for use pursuant to a rental agreement and where there is expectation that they will not be used for longer than one period.

Costs borne at a later time are included in the carrying amount of an asset or are indicated as a separate asset only if it is probable that the Group will achieve future economic benefit connected with such asset and the purchase price for a given item may be measured reliably. Expenses for repair and maintenance are recognized in the profit and loss statement in the period in which they were borne. The cost of production is augmented by fees and for defined assets by the costs of external finance capitalized in accordance with the principles defined in the Group's accounting policy.

Property, plant and equipment is measured at purchase price or manufacture cost less depreciation and impairment at the end of the reporting period.

Depreciation concerning such fixed assets commences at the moment they are commissioned. Each new fixed asset must, in as far as possible, be broken down into separate components, with the depreciation method specified.

Fixed assets under construction intended for production, lease or administrative purposes, as well as for undefined purposes, are presented in the balance sheet at cost of manufacture less impairment.

Profit or loss arising from disposal/liquidation or suspension of the use of fixed assets is defined as the difference between revenues from disposal and the net value of such fixed assets and are included in the profit and loss statement.

Land – the right of perpetual usufruct of plots of land is presented at purchase price.

The Group does not amortize rights to perpetual usufruct of land. Depreciation rates have been established with consideration to the period of economic usefulness of fixed assets.

Property, plant and equipment is depreciated using the straight-line method with the following rates:

- technical equipment and machinery: 20-60%
- other fixed assets: 20%

*(ii) Property, plant and equipment used pursuant to lease agreements*

Leases are classified as finance leases if in principle the terms and conditions of the agreement transfer all potential ownership benefits and risk to the lessee. All other types of leases are treated as operating leases.

Assets used pursuant to a finance lease agreement are treated as the Group's assets and are measured at fair value as of the moment of their acquisition, although at a level not exceeding the value of their current minimum lease payments.

Liability towards the lessor arising on this account is presented in the balance sheet under finance lease liabilities.

Lease payments are divided into interest and principal. Financial costs are recognized in the profit and loss statement.

*(iii) Subsequent expenses*

Costs aimed at exchange of separate components of an element of property, plant and equipment borne in a subsequent period are capitalized. Other costs are capitalized only if they can reliably be measured and increase future economic benefits connected with a fixed asset. Other expenses are systematically recognized in the profit and loss statement.

e) Intangible assets

*(i) Intangible assets*

The Group recognizes intangible assets only when:

- it is probable that the future economic benefits that are attributable to the assets will flow to the Group, and
- the purchase price or cost of production of a given asset may be measured reliably.

An intangible asset is initially valued at purchase price or cost of production. Intangible assets are subject to amortization. Amortization rates have been established with consideration to the period of economic usefulness of intangible assets.

Intangible assets are amortized using the straight-line method with the following rates:

- licenses: 20%-90%
- computer software: 50%

Expenses on development works are recognized as costs at the moment they are borne.

Costs of development works borne before the commencement of production or application of new technological solutions are classified as intangible assets if the Company can prove the following:

- the possibility, from a technical point of view, to complete an intangible asset so that it is suitable for use or sale,
- the intent to complete an intangible asset and to use or sell it,
- the capacity to use or sell an intangible asset,
- the means in which an intangible asset will create potential economic benefits. Amongst others, the Group should prove the existence of a market for products arising due to the intangible asset or the asset itself or – if the asset is to be used by the entity – the usefulness of the intangible asset,
- the availability of appropriate technical, financial and other resources which are to serve completion of development works and the use or sale of the intangible asset,
- the possibility to establish outlays borne during development works which may be assigned to such intangible asset.

The costs of development works with a useful life assumed in advance are subject to amortization. Amortization charges commence as of the date when a given asset is ready for use, whereas they end at the moment when a given asset is allocated for sale or ceases to be included in the accounts.

The amortization period is equal to the period of economic usefulness of a resource held. The adopted amortization period and method for the costs of development works are verified at least as at the end of the financial year. Costs of development works are amortized during the anticipated period of achieving revenues from sale of a product, however not longer than 3 years.

The Group does not amortize the costs of development works with an undefined useful life. Intangible assets with undefined useful life are subject to an annual impairment test, in application of the guidelines of IAS 36 Impairment of Assets.

External financing costs (e.g. interest on loans and borrowings and exchange differences on loans and borrowings denominated in foreign currencies) which may be directly assigned to the purchase or production of assets increase the purchase or production cost of such item. Net financing costs include interest payable on debt, established on the basis of the effective interest rate, interest due on funds invested by the Group, dividends due, foreign exchange gains and losses and profit and loss concerning hedging instruments which are recognized in the statement of profit and loss.

*(ii) Impairment*

At the end of each reporting period the Group reviews fixed assets in order to confirm that there have been no circumstances indicating the possibility of their impairment.

In the event of such circumstance existing, the recoverable amount of a given asset is estimated in order to establish a potential write-down.

In a situation where an asset does not generate cash flows which are to a large extent independent of cash flows generated by other assets, analysis is carried out for the group of assets generating cash flows to which a given asset belongs.

In the case of intangible assets with indefinite useful life, the impairment test is carried out both annually and in the event of circumstances indicating the possibility of impairment. The recoverable amount is established as the higher of two values: fair value less costs to sell, or its value in use. This final amount corresponds to the current value of estimated future discounted cash flows using a discount rate taking into consideration the present value of money and asset-specific risk.

If the recoverable amount is lower than the net book value of an asset (or group of assets), the book value is decreased to the recoverable amount.

Impairment loss is recognized as a cost in the period it occurred, with the exception of a situation where an asset has been recognized at restated value (in this case the impairment is treated as a decrease in the previous restatement).

At the moment where the impairment is subject to subsequent reversal, the net value of the asset (or group of assets) is increased to the new estimated recoverable amount, however not higher than the net value of such asset as it would have been established had impairment not been identified in previous years.

Reversal of impairment is recognized in revenue in as far as the asset has not been subject to prior restatement – in this event reversal of impairment is recorded in the revaluation reserve.

f) Investments

Investments other than property, intangible and financial assets are recognized at purchase price, less impairment.

Investments recognized at historical cost expressed in a foreign currency as at the end of the reporting period are valued using the average exchange rate announced by the National Bank of Poland as at the end of the reporting period.

g) Financial instruments

Financial assets and liabilities are recognized in the balance sheet at the moment when the Group becomes a party to a binding agreement.

The Group classifies each agreement which results in simultaneous occurrence of a financial asset with one party and a financial liability or equity instrument with the other party as a financial instrument, on condition that unambiguous economic effects result from a contract executed between two or more parties.

In accordance with IAS 39, the Group classifies financial instruments as:

- instruments held for trading (at fair value through profit or loss) - financial assets or liabilities which have been acquired or have arisen in order to generate profit achieved due to short-time price fluctuations,
- financial instruments held to maturity – financial assets with fixed or determinable payments or fixed maturity dates, which the Group has the intent and capability to hold to maturity, with the exception of loans granted by associates and own debt claims valued based on the amortized cost, using the effective interest rate method,
- available-for-sale financial instruments – financial assets other than loans granted and own receivables, assets held to maturity or than financial assets not held for trading, carried at fair value,
- loans and receivables – non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. At initial recognition, the Group values financial assets and liabilities at purchase cost (price), i.e. according to the fair value of the payment made in the case of assets, or the amount received in the case of liabilities.

The Group includes transaction costs in the initial value of all financial assets and liabilities.

Differences in revaluation and revenues achieved or losses incurred depending on the classification of a financial instrument impact the financial result or the revaluation provision as available-for-sale financial assets, respectively.

Principles for valuation of financial instruments as at the end of the reporting period. The Group makes valuation at amortized costs, with consideration of the effective interest rate of:

- assets held to maturity,
- loans granted and receivables, and
- other financial liabilities not classified as held for trading.

Valuation may also take place:

- at the amount requiring payment if the discount effect is not significant,
- at the amount requiring payment: receivables and liabilities with short maturity period,
- at fair value: financial assets and liabilities held for trading and available-for-sale financial assets.

Changes in the fair value of financial assets held for trading not being part of hedges are recognized as finance income or costs when they arise.

Shares in other entities are valued at purchase price lessimpairment.

h) Trade and other receivables

Current trade and other receivables are valued at repayment value in as far as the effect of charging interest is not significant. Otherwise receivables are initially recognized at fair value and subsequently valued at amortized cost in application of the effective interest rate. In accordance with the principle adopted by the Group, receivables with maturity of longer than 180 days are subject to discounting.

i) Inventory

The initial value (cost) of inventories includes all costs (acquisition, production, etc.) borne in connection with bringing inventories to their current location and condition.

The purchase price of inventories includes the purchase price increased by import duty and other taxes (not subject to subsequent refund from tax authorities), costs of transport, loading, unloading and other costs directly connected with the acquisition of inventories, decreased by discounts, rebates and other similar reductions.

Inventories are measured at initial value (purchase price or cost of production) or at net sale price depending on which is lower.

In relation to other inventories, costs are established using the first in, first out (FIFO) method.

*Impairment losses on inventory*

Depreciation write-downs on tangible current assets connected with their impairment or valuation as at the balance sheet date correspond to their own operating costs. (IAS 2)

The Group creates depreciation write-downs for inventories to net recoverablevalues. The net recoverable value is the sale price established in normal operations less finishing costs and estimated costs necessary for sale to be effected.

Reversal of an inventory depreciation write-down resulting from an increase in the net recoverable value is recognized as a decrease in inventory recognized as other operating revenue which the write-down reversal concerns.

As at the balance sheet date, the inventory is valued at acquisition or purchase price, and such a price may not exceed the net sales price for a given inventory item.

Foreign-currency advance payments are recognized at the currency selling FX rate of the bank used by the Group.

The Group measures advance payments for inventory at nominal value and presents these in the financial statements at the historic rate less impairment. The Group inventories prepayments through the provision by contracting parties of confirmation that prepayments included in auxiliary ledgers to general ledger "supplier accounts", and provides explanations and settlement of potential variance.

j) Cash and cash equivalents

Cash and cash equivalents include cash on hand and demand deposits. Short-term investments which are not subject to significant change in value, which may be easily exchanged for a defined amount of cash and which constitute a part of the Company's liquidity management policy are recognized as cash and cash equivalents for the purposes of the cash flow statement.

k) Share capital

Share capital is recognized at the nominal value of issued and registered shares.

*(i) Purchase of own shares*

In the event of purchase of own shares, the payment amount, together with direct transaction costs, is recognized as a change in equity. Purchased shares are recognized as a decrease in equity.

*(i) Dividends*

Dividends are recognized as a liability in the period in which they are authorized.

l) Provisions

Provisions are liabilities of uncertain time and amount. Group companies create provisions when all of the following conditions are met simultaneously:

- the companies are burdened with an existing obligation (legal or constructive) resulting from past events,
- it is probable that fulfillment of an obligation will result in necessary outflow of resources representing economic benefits,
- the amount of such obligation can be reliably estimated.

The Group creates the following provisions for liabilities:

- deferred income tax provision created in connection with the occurrence of positive differences between the book value of assetsand liabilities and their tax value,
- provisions for employee benefits - provisions for pension gratuities are calculated based on own estimates, however with regard to the low average age of employees and the insignificant value of the provision resulting from this, there is currently no provision created,
- other provisions.

Release of unused provisions occurs as at the date on which they are acknowledged as unnecessary.

m) Trade and other payables

Trade and other payables are divided into current and non-current payables through application of the following criteria:

- maturing in within 12 months from the balance sheet date - classified as short-term liabilities,
- payables not classified as trade payables and which do not fulfill the criteria for classification as current constitute non-current payables.

Trade payables with maturity of up to 180 days are valued as at the balance sheet date at repayment value increased by potential interest for delay due as at the valuation date.

Trade payables within maturity of over 180 days are valued as at the end of the reporting period at amortized cost (i.e. discounted in application of the effective interest rate).

All turnovers and account balances should be reconciled, and potential adjustments should be made to the accounts, including in the consolidated financial statements of the entity. In the event of discrepancies in agreeing a balance between the entity and the contracting party, the seller’s position prevails and, after closing the year, potential adjustments are entered in the accounts for the current year.

Payables denominated in foreign currencies are valued at the current average exchange rate for a given currency on a given date established by the National Bank of Poland.

Interest for late payment of liabilities is not charged if the authorized entity submits a written declaration on opt-out of such interest. In other instances, interest is calculated and recorded as per the principles below:

- systematically, pursuant to interest notes received,

- at estimated value, where the estimation is based on historical data reflecting the amount of interest charged by specific contracting parties in relation to the level of debt.

In each instance other significant risks meaning that such interest may be charged should be taken into consideration when calculating interest.

The notes to the financial statements should include this fact, the occurrence of overdue liabilities and the associated risk that interest will be charged by creditors.

n) Revenue

Revenue from sale of products and services includes sale of products manufactured by the Group to which it has exclusive license rights for their production or it purchased a license for release and distribution, together with services provided by the Group to other entities.

Revenue from sale of goods for resale and materials includes sale of products which were purchased and are held for further sale in a non-processed form, together with sale of materials for manufacture.

Revenue from sale of products and goods is recognized if the following conditions are met:

- the Group has transferred significant risk and benefits resulting from the right of ownership of goods and products to the purchaser,
- the Group ceases to be permanently involved in managing the sale of goods or products to the extent that such function is usually exercised in relation to goods and products to which there is right of ownership, and it does not exercise effective control over them,
- the revenue amounts may be measured reliably,
- it is probable that the Group will achieve economic benefits from the transaction,
- costs borne and those which will be borne by the Group in connection with the transaction may be valued in a reliable manner.

Revenue is recognized if achievement by the Group of economic benefits connected with the executed transaction is probable.

If there is uncertainty regarding the collectibility of an amount due which is already counted as revenue, then the uncollectible amount in relation to which collection is no longer probable is recognized as costs and not as an adjustment of the initially recognized revenue amount.

Revenue from sale is recognized at the fair value of payments received or due and represents receivables for products, goods and services supplied under normal business activity after decrease by discounts, VAT and other sales-related taxes.

Revenue from interest is recognized cumulatively in relation to the principal amount, in accordance with the effective interest rate method on lease.

o) Costs

The Group draws up a consolidated profit and loss statement in multiple-step format. Costs are classified in accordance with their function.

*(i) Finance lease payments*

Lease payments are divided into a part constituting the cost of finance and a part decreasing the liability. The part constituting the cost of finance is allocated to specific periods during the term of the lease applying the effective interest rate method.

*(ii) Net financing costs*

Net financing costs include interest payable on debt, established on the basis of the effective interest rate, interest due on funds invested by the Group, dividends due, foreign exchange gains and losses and profit and loss concerning hedging instruments which are recognized in the statement of profit and loss.

Interest income is recognized in the statement of profit and loss on an accrual basis applying the effective interest rate. Income from dividends is recognized in the statement of profit and loss at the moment when the Group acquires the right to receipt thereof. The part constituting the cost of finance arising in connection with finance lease fees is indicated in the statement of profit and loss applying the effective interest rate method.

p) Tax

Mandatory encumbrances on the result include current tax and deferred tax.

The current tax obligation is calculated on the basis of the tax result (basis for taxation) for a given financial year. Tax for the current previous periods is recognized as a liability in the amount which has not been paid.

Tax profit (loss) differs from net book profit (loss) in connection with the exclusion of revenues subject to taxation and tax-deductible expenses in subsequent years and items of cost and revenue which will never be subject to taxation.

Deferred tax is calculated using the balance sheet method as tax to be paid or refunded in the future based on the difference between the carrying amounts of assets and liabilities and the corresponding tax values used to calculate the basis for taxation.

Deferred income tax assets and provisions for deferred income tax are valued with application of tax rates which will be applied, according to predictions, if an asset is realized or a provision liquidated, adopting the basis as the tax rates (and tax regulations) legally in force or actually binding as at the end of the reporting period.

A deferred tax asset is subject to analysis as at the end of the reporting period, and in the event of it being expected that future tax profits will be insufficient to realize an asset or part thereof, it is written off. Deferred income tax assets and provisions for deferred income tax are not discounted.

Deferred tax is recognized in the profit and loss statement, aside from a situation where it concerns items directly recognized in equity. In this last instance deferred tax is also settled directly in equity. The Group offsets deferred income tax assets with provisions for deferred income tax exclusively when it has an enforceable legal title to offset deferred income tax assets with provisions for deferred income tax.

q) Foreign-currency transactions

Transactions executed in foreign currencies are translated into the functional currency in application of exchange rates in force on the date of executing such transactions, in the following manner:

- in the case of selling foreign currencies and receivable repayment transactions – using the bid rate applied by the bank used by the Group,
- in the case of purchasing foreign currencies and liability repayment transactions – using the ask rate applied by the bank used by the Group,
- in the case of other transactions – according to the average exchange rate announced for a given currency by the National Bank of Poland in as far as customs documents do not give another exchange rate.

Cash items recognized at historical cost expressed in a foreign currency are recorded at the end of the reporting period using the average exchange rate announced by the National Bank of Poland as at the end of the reporting period. Non-monetary balance sheet items recorded at historical cost expressed in a foreign currency are recorded in application of the exchange rate as at the date the transaction is executed. Non-monetary balance sheet items recorded at fair value in a foreign currency are recorded in application of the exchange rate in force during establishment of fair value.

Foreign exchange gains and losses resulting from settlement of transactions in foreign currencies and from translation of cash assets and liabilities according to average National Bank of Poland exchange rates as at the end of the year are indicated in the statement of profit and loss, with the exception of settlement in equity fulfilling the criteria for recognition of cash flow hedges.

r) Segment reporting

A reportable segment is a separate part of the Group which deals with the supply of defined products or services (operating segment) or supply of products or services in a defined economic environment (geographical segment), which is subject to risks and derives benefits differently to other segments.

The Capital Group presents revenue from sales broken down into the following segments:

- operating – covering sales divided into products, goods and services,
- geographical – covering sales divided into the following areas: Europe, America, and Asia and Australia.

Revenue from sale of products covers sale of products manufactured by the Group to which it has exclusive licensing rights for their production or it purchased a license for release and distribution.

Revenue from sale of services covers revenues for services provided by the Group to other entities.

Revenue from sale of goods for resale covers sale of products which have been purchased and are held for further sale in a non-processed form, together with sale of materials for manufacture.

Operating costs are divided as follows:

- direct costs, which may be assigned to a given product or service, or the value of goods or materials sold at purchase price,
- indirect costs, i.e. costs which cannot be directly assigned to a defined product, e.g. overhead, sales and other operating costs.

Segment reporting – assignment to specific operating segments - concerns direct costs and such part of indirect costs as can be assigned to a given segment.

s) Operations being discontinued and non-current assets held for sale

Immediately before reclassification to the group of assets held for sale, valuation of assets (or all assets and liabilities constituting a group held for sale) is updated in accordance with the appropriate IFRS. Subsequently, as at the day of initial classification as held for sale, a fixed asset or group of assets held for disposal are recognized according to the lower value: carrying amount or fair value less cost to sell.

Impairment identified at initial classification as held for sale is recognized in the profit and loss statement even in the event of value restatement. This also concerns profit and loss resulting from subsequent change in value.

Discontinued operation is a part of the Group's activity which constitutes a separate main business line or geographic segment or is a subsidiary acquired exclusively for further sale.

Classification as discontinued operation takes place as a result of disposal or at the moment when the operation fulfills the criteria for classification to the group held for sale.

t) Change of accounting principles

When the accounting principles are changed, the Group uses the solution pursuant to IAS 8 "Accounting principles (policy) - changes in accounting estimates and errors".

Consolidated financial statement of CI Games S.A. Capital Group for the period from 1 January 2016 to 30 June 2016 remains comparable to the data from the statement for the period from 1 January 2015 to 30 June 2015 which was drawn up in accordance with IAS/ISFR.

**Material appraisal and estimates**

To draw up midyear abbreviated financial statements compliant with EU ISFR, the Company Management Board needs to use the appraisals and estimates affecting the applied accounting principles as well as the disclosed assets, liabilities, revenues and costs. The appraisals and estimates are verified on an ongoing basis. Estimates changes are included in the result for the period when the change took place.

Information on the areas of special importance, subject to appraisals and estimates, affecting the midyear financial statement was not changed when compared to the presented yearly statements as at 31 December 2015.

**Seasonality**

CI Games Capital Group is subject to sales revenue volatility during the financial year, determined mainly by the release of new products. The Issuer establishes the dates for release of its games in order to select the most beneficial competitive environment and in order for the release to generate optimal financial results.

## Financial highlights

The balance sheet data was converted based on the mean FX rate announced by the President of the National Bank of Poland as at the financial statement date, being as follows as at the balance sheet date:

as at 30.06.2016 - PLN / EUR 4.4255
as at 31.12.2015 - PLN / EUR 4.2615
as at 30.06.2015 - PLN / EUR 4.1944

The data in the profit and loss account and cash flow statement were converted to EUR based on the FX rate being the arithmetic mean of mean rates announced by the President of the National Bank of Poland as at the last day of each month in a year:

for two quarters of 2016 - PLN / EUR 4.3805
for two quarters of 2015 - PLN / EUR 4.1341
for 2nd quarter of 2016 - PLN / EUR 4.4051
for 2nd quarter of 2015 - PLN / EUR 4.1194

| CONSOLIDATED STATEMENT OF PROFIT AND LOSS | HY1 2016 | | HY1 2015 | |
|---|---|---|---|---|
| | PLN thousand | EUR thousand | PLN thousand | EUR thousand |
| **Net revenue from sales** | **11,518** | **2,629** | **7,457** | **1,804** |
| Profit / (Loss) from operating activities | -2,556 | -583 | -4,779 | -1,156 |
| Gross profit / (loss) | -2,004 | -457 | -3,725 | -901 |
| **Net profit / (loss)** | **-2,659** | **-607** | **-2,794** | **-676** |
| Number of shares (in thousands) | 13,914 | 13,914 | 13,914 | 13,914 |
| Profit (loss) per ordinary share (PLN/share) | -0.19 | | -0.20 | |

| CONSOLIDATED STATEMENT OF CASH FLOWS | HY1 2016 | | HY1 2015 | |
|---|---|---|---|---|
| | PLN thousand | EUR thousand | PLN thousand | EUR thousand |
| Net cash flows from operating activities | 2,979 | 680 | 13,915 | 3,366 |
| Net cash flows from investing activities | -13,153 | -3,003 | -10,242 | -2,477 |
| Net cash flows from financing activities | 9,118 | 2,081 | -41 | -10 |
| **Net cash flows** | **-1,056** | **-241** | **3,632** | **879** |

| CONSOLIDATED BALANCE SHEET | 6/30/2016 | | 12/31/2015 | | 6/30/2015 | |
|---|---|---|---|---|---|---|
| | PLN thousand | EUR thousand | PLN thousand | EUR thousand | PLN thousand | EUR thousand |
| Non-current assets | 79,251 | 17,908 | 71,396 | 16,754 | 62,593 | 14,923 |
| Current assets | 14,279 | 3,227 | 19,282 | 4,525 | 29,881 | 7,124 |
| **Total assets** | **93,530** | **21,134** | **90,678** | **21,278** | **92,474** | **22,047** |
| Equity | 72,497 | 16,382 | 75,227 | 17,653 | 80,256 | 19,134 |
| *Share capital* | *1,391* | *314* | *1,391* | *326* | *1,391* | *332* |
| **Liabilities** | **21,033** | **4,753** | **15,451** | **3,626** | **12,218** | **2,913** |
| Long-term liabilities | 2,745 | 620 | 2,748 | 645 | 3,868 | 922 |
| Short-term liabilities | 18,288 | 4,132 | 12,703 | 2,981 | 8,350 | 1,991 |
| **Total equity and liabilities** | **93,530** | **21,134** | **90,678** | **21,278** | **92,474** | **22,047** |

# Midyear abbreviated consolidated financial statement of CI Games Capital Group

## Consolidated statement on the financial situation as at 30 June 2016

| | ASSETS | NOTE | 6/30/2016 | 12/31/2015 | 6/30/2015 |
|---|---|---|---|---|---|
| | | | PLN thousand | PLN thousand | PLN thousand |
| **A.** | **NON-CURRENT ASSETS** | | **79,251** | **71,396** | **62,593** |
| | Tangible fixed assets | | 888 | 971 | 1,054 |
| | Intangible assets | **1** | 54,533 | 45,943 | 35,617 |
| | Deferred income tax assets | **2** | 23,830 | 24,482 | 25,922 |
| **B.** | **CURRENT ASSETS** | | **14,279** | **19,282** | **29,881** |
| | Inventory | **3** | 2,933 | 4,333 | 3,367 |
| | Current investments | | - | 3 | - |
| | Advances granted | **4** | 118 | 36 | 44 |
| | Trade receivables | **4, 5** | 3,061 | 5,663 | 11,428 |
| | Income tax receivables | | 472 | - | 69 |
| | Cash and cash equivalents | | 6,127 | 7,183 | 13,141 |
| | Other current assets | | 1,568 | 2,064 | 1,832 |
| **TOTAL ASSETS** | | | **93,530** | **90,678** | **92,474** |

**Consolidated statement on the financial situation as at 30 June 2016 (ctd.)**

| | LIABILITIES | NOTE | 6/30/2016 | 12/31/2015 | 6/30/2015 |
|---|---|---|---|---|---|
| | | | PLN thousand | PLN thousand | PLN thousand |
| **A.** | **EQUITY** | | **72,497** | **75,227** | **80,256** |
| | Share capital | | 1,391 | 1,391 | 1,391 |
| | Share premium | | 15,530 | 15,530 | 15,530 |
| | Exchange differences on translation of foreign operations | | 407 | 478 | 441 |
| | Reserve capital for the acquisition of shares | | 16,000 | 16,000 | 16,000 |
| | Retained earnings | **8** | 39,169 | 41,828 | 46,894 |
| | including profit for the period | | - 2,659 | - 7,860 | - 2,794 |
| | **Equity attributable to owners of the Parent** | | **72,497** | **75,227** | **80,256** |
| | **Equity attributable to non-controlling interests** | | **-** | **-** | **-** |
| **B.** | **LIABILITIES** | | **21,033** | **15,451** | **12,218** |
| | **Non-current liabilities** | | **2,745** | **2,748** | **3,868** |
| | Provision for retirement and similar benefits | **5** | - | - | 27 |
| | Deferred income tax provision | **2** | 2,745 | 2,748 | 3,841 |
| | **Short-term liabilities** | | **18,288** | **12,703** | **8,350** |
| | Borrowings including credits, loans and other debt instruments | | 14,795 | 5,677 | - |
| | Income tax liabilities | | 52 | 679 | 52 |
| | Trade liabilities | | 2,338 | 4,586 | 6,205 |
| | Finance lease liabilities | | - | - | 1 |
| | Other liabilities | | 240 | 173 | 274 |
| | Other current provisions | **5** | 863 | 1,588 | 1,818 |
| **TOTAL EQUITY AND LIABILITIES** | | | **93,530** | **90,678** | **92,474** |
| | **Book value (in PLN thousand)** | | **72,497** | **75,227** | **80,256** |
| | **Number of shares (in thousands)** | | **13,914** | **13,914** | **13,914** |
| | **Book value per share (in PLN)** | | **5.21** | **5.41** | **5.77** |

**Consolidated profit and loss account for the period from 1 January 2016 to 30 June 2016**

| | NOTE | for the period 1 Jan. - 30 June 2016 | for the period 1 Jan. - 30 June 2015 | for the period 1 Jan. - 31 Dec. 2015 |
|---|---|---|---|---|
| | | PLN thousand | PLN thousand | PLN thousand |
| **Continuing operations** | | | | |
| **Net revenue from sales** | **6, 7** | **11,518** | **7,457** | **25,019** |
| Revenue from sale of products and services | | 10,880 | 7,204 | 24,377 |
| Revenue from sale of goods and materials | | 638 | 253 | 642 |
| **Costs of products, goods and services sold** | | **- 8,341** | **- 6,406** | **- 18,477** |
| Manufacturing cost of products sold | | - 8,109 | - 6,217 | - 18,173 |
| Value of goods and materials sold | | - 232 | - 189 | - 304 |
| **Gross profit (loss) on sales** | | **3,177** | **1,051** | **6,542** |
| Other operating revenues | | 247 | 1,417 | 1,695 |
| Selling costs | | - 2,239 | - 3,219 | - 7,061 |
| General and administrative costs | | - 2,908 | - 3,534 | - 8,472 |
| Other operating expenses | | - 833 | - 494 | - 1,705 |
| **Profit (loss) on operating activities** | | **- 2,556** | **- 4,779** | **- 9,001** |
| Financial revenues | | 707 | 1,142 | 1,081 |
| Financial expenses | | - 155 | - 88 | - 145 |
| **Profit (loss) before tax** | | **- 2,004** | **- 3,725** | **- 8,065** |
| Income tax | | - 655 | 931 | 205 |
| **Profit (loss) on continuing operations** | | **- 2,659** | **- 2,794** | **- 7,860** |
| **Discontinued operations** | | - | - | - |
| Loss from discontinued operations | | **-** | **-** | **-** |
| **NET PROFIT (LOSS)** | | **- 2,659** | **- 2,794** | **- 7,860** |
| **Total other comprehensive income, including:** | | | | |
| Exchange differences on translation of foreign operations | | - 71 | 8 | 45 |
| **TOTAL INCOME FOR THE FINANCIAL YEAR:** | | **- 2,730** | **- 2,786** | **- 7,815** |
| **attributable to owners of the parent** | | **- 2,730** | **- 2,786** | **- 7,815** |
| **attributable to non-controlling interests** | | **-** | **-** | **-** |
| **Net profit (loss) in thousands of PLN** | | **-2,659** | **-2,794** | **-7,860** |
| **Number of shares (in thousands)** | | **13,914** | **13,914** | **13,914** |
| **Profit (loss) per ordinary share (in PLN)** | | **-0.19** | **-0.20** | **-0.56** |

## Consolidated statement of changes in equity for the period from 1 January 2016 to 30 June 2016

| FOR THE PERIOD Jan. 1 - June 30, 2016 | Share capital | Share premium | reserve capital for the purchase of own shares | Translation of foreign operations | Retained earnings | Total equity |
|---|---|---|---|---|---|---|
| **AS AT JAN. 1, 2016** | **1,391** | **15,530** | **16,000** | **478** | **41,828** | **75,227** |
| Changes in accounting policy | - | - | - | - | - | - |
| **AS AT 1 JAN. 2016, AFTER CONVERSION** | **1,391** | **15,530** | **16,000** | **478** | **41,828** | **75,227** |
| **CHANGES IN EQUITY** | | | | | | |
| Profit and loss for the period | - | - | - | - | - 2,659 | - 2,659 |
| Exchange differences on translation of foreignoperations | - | - | - | - 71 | - | - 71 |
| **AS AT JUNE 30, 2016** | **1,391** | **15,530** | **16,000** | **407** | **39,169** | **72,497** |

| FOR THE PERIOD Jan. 1 - June 30, 2015 | Share capital | Share premium | reserve capital for the purchase of own shares | Translation of foreign operations | Retained earnings | Total equity |
|---|---|---|---|---|---|---|
| **AS AT 1 JAN. 2015** | **1,391** | **15,530** | **16,000** | **433** | **49,688** | **83,042** |
| Changes in accounting policy | - | - | - | - | - | - |
| **AS AT 1 JAN. 2015, AFTER CONVERSION** | **1,391** | **15,530** | **16,000** | **433** | **49,688** | **83,042** |
| **CHANGES IN EQUITY** | | | | | | |
| Profit and loss for the period | - | - | - | - | - 2,794 | **- 2,794** |
| Exchange differences on translation of foreignoperations | - | - | - | 8 | - | **8** |
| **AS AT JUNE 30, 2015** | **1,391** | **15,530** | **16,000** | **441** | **46,894** | **80,256** |

## Consolidated statement of changes in equity for the period from 1 January 2015 to 31 December 2015 (ctd.)

| FOR THE PERIOD Jan. 1 - Dec. 31, 2015 | Share capital | Share premium | reserve capital for the purchase of own shares | Translation of foreign operations | Retained earnings | Total equity |
|---|---|---|---|---|---|---|
| **AS AT 1 JAN. 2015** | **1,391** | **15,530** | **16,000** | **433** | **49,688** | **83,042** |
| Changes in accounting policy | | | | | | |
| **AS AT 1 JAN. 2015, AFTER CONVERSION** | **1,391** | **15,530** | **16,000** | **433** | **49,688** | **83,042** |
| **CHANGES IN EQUITY** | | | | | | |
| Profit and loss for the period | - | - | - | - | - 7,860 | **- 7,860** |
| Exchange differences on translation of foreignoperations | - | - | - | 45 | - | **45** |
| **AS AT 31 DEC. 2015** | **1,391** | **15,530** | **16,000** | **478** | **41,828** | **75,227** |

## Consolidated cash flow statement for the period from 1 January 2016 to 30 June 2016

| | for the period 1 Jan. - 30 June 2016 | for the period 1 Jan. - 30 June 2015 | for the period 1 Jan. - 31 Dec. 2015 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| **Gross profit / (loss)** | **- 2,004** | **- 3,725** | **- 8,444** |
| **Total adjustments** | **4,983** | **17,640** | **26,740** |
| Depreciation | 4,649 | 5,009 | 10,774 |
| Profit (loss) on exchange differences | - 71 | 8 | 46 |
| Interest | - | 11 | 11 |
| Commission on bonds | - | 6 | 6 |
| Profit (loss) on sale of non-current assets | - | - 27 | - 24 |
| Change in receivables | 2,130 | 16,244 | 22,009 |
| Change in inventory and prepayments | 1,318 | - 174 | - 1,132 |
| Change in trade and other payables | - 2,181 | - 3,182 | - 4,842 |
| Change in employee benefit provisions and liabilities | - 725 | - | 115 |
| Change in other current assets | 496 | 7 | - 223 |
| Tax paid | - 633 | - 264 | - |
| Other adjustments | - | 2 | - |
| **Net cash flows from operating activities** | **2,979** | **13,915** | **18,296** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Proceeds from sale of property, plant and equipment and intangible assets | - | 35 | 35 |
| Repayment of borrowings | 3 | 2 | - |
| Cash outflows on acquisition of property, plant and equipment and intangible assets | - 249 | - 54 | - 184 |
| Cash outflows on development works | - 12,907 | - 10,226 | - 26,108 |
| **Net cash from investing activities** | **- 13,153** | **- 10,242** | **- 26,257** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Incurrence of borrowings | 9,118 | - | 5,677 |
| Commission on bonds | - | - 6 | - 6 |
| Repayment of finance lease liabilities | - | - 13 | - 14 |
| Interest | - | - 11 | - 11 |
| Cash outflows on repayment of credits and loans | - | - 11 | - 11 |
| **Net cash from financing activities** | **9,118** | **- 41** | **5,635** |
| **TOTAL NET CASH FLOWS** | **- 1,056** | **3,632** | **- 2,326** |
| **EXCHANGE DIFFERENCES ON CASH** | - | - | - |
| **BALANCE SHEET CHANGES IN CASH AND CASH EQUIVALENTS** | **- 1,056** | **3,632** | **- 2,326** |
| **CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD** | **7,183** | **9,509** | **9,509** |
| **CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD** | **6,127** | **13,141** | **7,183** |

## Additional information to the midyear abbreviated consolidated financial statement of CI Games Capital Group for the period from 1 January 2016 to 30 June 2016

### Note 1 Changes in intangible assets by type

All intangible assets of the Capital Group have a specific useful life and are amortized. The recoverable value of the used intangible assets as at the balance sheet date is higher than their non-amortized value.
The development works disclosed as an intangible asset will be, according to the parent Management Board, completed and bring the anticipated economic results except for those for which write-downs were created.

| FOR THE PERIOD 1 Jan. - 30 June 2015 | R&D expenses | Proprietary copyright, licences, concessions | Rights to press titles | Other intangible assets | Total |
|---|---|---|---|---|---|
| **Gross value as at 1 Jan. 2015** | **110,291** | **220** | **51** | **2,021** | **112,583** |
| Increases: | 10,463 | - | - | 5 | 10,468 |
| - acquisition | 4,800 | - | - | 5 | 4,805 |
| - produced internally | 5,663 | - | - | - | 5,663 |
| **Gross value as at 30 June 2015** | **120,754** | **220** | **51** | **2,026** | **123,051** |
| **Depreciation as at 1 Jan. 2015** | **80,796** | **220** | **51** | **1,402** | **82,469** |
| Increases: | **4,845** | **-** | **-** | **120** | **4,965** |
| Depreciation | 4,845 | - | - | 120 | 4,965 |
| **Depreciation as at 30 June 2015** | **85,641** | **220** | **51** | **1,522** | **87,434** |
| **Net value** | | | | | |
| **As at 1 Jan. 2015** | **29,495** | **-** | **-** | **619** | **30,114** |
| **As at 30 June 2015** | **35,113** | **-** | **-** | **504** | **35,617** |

**Note 1 Changes in intangible assets by type (ctd.)**

| FOR THE PERIOD 1 Jan. - 31 Dec. 2015 | R&D expenses | Proprietary copyright, licences, concessions | Rights to press titles | Other intangible assets | Total |
|---|---|---|---|---|---|
| **Gross value as at 1 Jan. 2015** | **110,291** | **220** | **51** | **2,021** | **112,583** |
| Increases: | 26,458 | - | - | 48 | 26,506 |
| - acquisition | 15,627 | - | - | 48 | 15,675 |
| - produced internally | 10,831 | - | - | - | 10,831 |
| **Gross value as at 31 Dec. 2015** | **136,749** | **220** | **51** | **2,069** | **139,089** |
| **Depreciation as at 1 Jan. 2015** | **80,796** | **220** | **51** | **1,402** | **82,469** |
| Increases: | 10,494 | - | - | 183 | 10,677 |
| Depreciation | 10,494 | - | - | 183 | 10,677 |
| **Depreciation as at 31 Dec. 2015** | **91,290** | **220** | **51** | **1,585** | **93,146** |
| **Net value** | | | | | |
| **As at 1 Jan. 2015** | **29,495** | **-** | **-** | **619** | **30,114** |
| **As at 31 Dec. 2015** | **45,459** | **-** | **-** | **484** | **45,943** |

**Note 1 Changes in intangible assets by type (ctd.)**

| FOR THE PERIOD 1 Jan. - 30 June 2016 | R&D expenses | Proprietary copyright, licences, concessions | Rights to press titles | Other intangible assets | Total |
|---|---|---|---|---|---|
| **Gross value as at 1 January 2016** | **136,749** | **220** | **51** | **2,069** | **139,089** |
| Increases: | 13,213 | - | - | 6 | 13,219 |
| - acquisition | 6,389 | - | - | 6 | 6,395 |
| - produced internally | 6,824 | - | - | - | 6,824 |
| **Gross value as at 30 June 2016** | **149,962** | **220** | **51** | **2,075** | **152,308** |
| **Depreciation as at 1 January 2016** | **91,290** | **220** | **51** | **1,585** | **93,146** |
| Increases: | **4,464** | **-** | **-** | **165** | **4,629** |
| Depreciation | 4,464 | - | - | 165 | 4,629 |
| **Depreciation as at 30 June 2016** | **95,754** | **220** | **51** | **1,750** | **97,775** |
| **Net value** | | | | | |
| **As at 1 January 2016** | **45,459** | **-** | **-** | **484** | **45,943** |
| **As at 30 June 2016** | **54,208** | **-** | **-** | **325** | **54,533** |

## Note 2 Assets and deferred tax provision

| DEFERRED TAX | As at 30 June 2016 | As at 31 December 2015 | As at 30 June 2015 |
|---|---|---|---|
| **Deferred tax assets** | | | |
| **Opening value** | **24,482** | **25,590** | **25,590** |
| Including assets compared to the financial result | 24,482 | 25,590 | 25,590 |
| Increases compared to the financial result | 23,830 | 24,482 | 25,922 |
| interest | - | - | 1 |
| cost provision | - | 2 | 130 |
| receivables valuation allowances | 628 | 802 | 685 |
| interest valuation allowances | 329 | 475 | 475 |
| allowances to reduce inventory | 52 | 66 | 40 |
| tax loss | 12,269 | 10,350 | 11,542 |
| damages | - | - | 83 |
| unpaid payables | 538 | 551 | 689 |
| provision for returns | - | - | 350 |
| value of bought trade marks | 7,587 | 9,755 | 11,922 |
| other | 2,427 | 2,481 | 5 |
| Decreases compared to the financial result | 24,482 | 25,590 | 25,590 |
| **Closing value** | **23,830** | **24,482** | **25,922** |
| | | | |
| **Deferred tax provisions** | | | |
| **Opening value** | **2,748** | **4,441** | **4,441** |
| Including assets compared to the financial result | 2,748 | 4,441 | 4,441 |
| Increases compared to the financial result | 2,745 | 2,748 | 3,841 |
| accrued interest | 4 | 3 | 2 |
| other | -8 | -4 | 39 |
| difference between the balance-sheet and tax value of tangible fixed assets | 2,749 | 2,749 | 3,800 |
| Decreases compared to the result | 2,748 | 4,441 | 4,441 |
| **Closing value** | **2,745** | **2,748** | **3,841** |

## Note 3 Inventory

| Inventory | As at 30 June 2016 | As at 31 December 2015 | As at 30 June 2015 |
|---|---|---|---|
| Materials | 261 | 318 | 54 |
| Work in progress | - | - | - |
| Finished goods | 2,945 | 4,364 | 3,501 |
| Commodities | - | - | 23 |
| **Total gross inventory** | **3,206** | **4,682** | **3,578** |
| Valuation allowance | -273 | -349 | -211 |
| **Total net inventory** | **2,933** | **4,333** | **3,367** |

According to the Issuer's Management Board, all inventories not covered with the write-down for their impairment represent the recoverable value higher than their accounting value.

### Note 4 Trade receivables and advance payments

| Receivables | As at 30 June 2016 | As at 31 December 2015 | As at 30 June 2015 |
|---|---|---|---|
| Trade receivables from related parties | - | - | - |
| Trade receivables from other parties | 4,374 | 7,870 | 15,034 |
| up to 12 months | 4,374 | 7,870 | 15,034 |
| **Trade receivables** | **4,374** | **7,870** | **15,034** |
| Valuation allowances for trade receivables | -1,313 | -2,207 | -3,606 |
| **Net trade receivables** | **3,061** | **5,663** | **11,428** |

| | | | |
|---|---|---|---|
| Advances granted | 118 | 36 | 44 |

### Note 5 Estimates, including other short-term provisions

| Provisions | As at 30 June 2016 | As at 31 December 2015 | As at 30 June 2015 |
|---|---|---|---|
| Provision for balance sheet auditing costs | - | 20 | - |
| Provision for retirement benefits | - | - | 27 |
| Provision for non-invoiced costs | 863 | 1,568 | 1,818 |
| **Total** | **863** | **1,588** | **1,845** |
| Provision for returns - reduced revenues and receivables | 514 | 894 | 823 |
| Decrease of own cost in relation to the provision for returns | - | - | - |
| **Total** | **514** | **894** | **823** |

### Note 6 Net revenues on sales of products Geographical structure

| | for the period 1 Jan. - 30 June 2016 | for the period 1 April - 30 June 2016 | for the period 1 Jan. - 30 June 2015 | for the period 1 April - 30 June 2015 |
|---|---|---|---|---|
| Europe | 4,155 | 1,092 | 2,130 | 134 |
| North America | 7,330 | 2,677 | 4,891 | 3,110 |
| Asia and Australia | 33 | 25 | 436 | 258 |
| **Total** | **11,518** | **3,794** | **7,457** | **3,502** |

The major factor affecting the results obtained in the first six months of 2016 was the continued sales of "Enemy Front" and "Lords of the Fallen" games, first published in 2014.
The game depreciation takes place based on the estimate, that is the ratio of the amount of games sold to the planned sales.

## Note 7 Activity segments

| FOR THE PERIOD 1 Jan. - 30 June 2015 | Own products | Licenses | Other sales | Total |
|---|---|---|---|---|
| | **3%** | **97%** | **0%** | **100%** |
| **Total revenue (A)** | **209** | **7,248** | **-** | **7,457** |
| **Total direct costs (B), including:** | **-475** | **-5,931** | **-** | **-6,406** |
| Depreciation | -141 | -4,868 | - | **-5,009** |
| Financial revenue / costs | 30 | 1,024 | - | **1,054** |
| Income tax | 26 | 905 | - | **931** |
| **Net profit (loss) for the financial year** | **-78** | **-2,715** | **-** | **-2,794** |
| Result (A+B) | -266 | 1,317 | - | **1,051** |
| **% margin** | **-127%** | **18%** | **100%** | **14%** |

| FOR THE PERIOD 1 April - 30 June 2015 | Own products | Licenses | Other sales | Total |
|---|---|---|---|---|
| | **29%** | **71%** | **0%** | **100%** |
| **Total revenue** | **1,000** | **2,502** | **-** | **3,502** |
| **Total direct costs, including:** | **-973** | **-2,369** | **-** | **-3,342** |
| Depreciation | -691 | -1,552 | 12 | **-2,231** |
| Financial revenue / costs | 258 | -345 | - | **-88** |
| Income tax | 409 | 1,022 | - | **1,431** |
| **Net profit (loss) for the financial year** | **-807** | **-2,020** | **-** | **-2,827** |
| Result | 27 | 133 | - | **159** |
| **% margin** | **3%** | **5%** | **0%** | **5%** |

## Note 7 Activity segments (ctd.)

| FOR THE PERIOD 1 Jan. - 30 June 2016 | Own products | Licenses | Other sales | Total |
|---|---|---|---|---|
| | **33%** | **61%** | **6%** | **100%** |
| **Total revenue** | **3,815** | **6,979** | **725** | **11,518** |
| **Total direct costs, including:** | **-3,125** | **-4,976** | **-240** | **-8,341** |
| Depreciation | -1,540 | -2,817 | -293 | **-4,649** |
| Financial revenue / costs | 183 | 334 | 35 | **552** |
| Income tax | -217 | -397 | -41 | **-655** |
| **Net profit (loss) for the financial year** | **-881** | **-1,611** | **-167** | **-2,659** |
| Result (gross profit/loss on sale) | 689 | 2,002 | 485 | **3,177** |
| **% margin** | **18%** | **29%** | **67%** | **28%** |

| FOR THE PERIOD 1 April - 30 June 2016 | Own products | Licenses | Other sales | Total |
|---|---|---|---|---|
| | **13%** | **71%** | **16%** | **100%** |
| **Total revenue** | **480** | **2,704** | **610** | **3,794** |
| **Total direct costs, including:** | **-775** | **-2,065** | **-160** | **-3,000** |
| Depreciation | **-106** | **-1,040** | **-244** | **-1,390** |
| Financial revenue / costs | **153** | **296** | **34** | **482** |
| Income tax | **-5** | **-125** | **-34** | **-164** |
| **Net profit (loss) for the financial year** | **-232** | **-780** | **-145** | **-1,157** |
| Result | -295 | 640 | 450 | **794** |
| **% margin** | **-61%** | **24%** | **74%** | **21%** |

## Note 8 Distribution of profits for year 2015

On 29 April 2016, the Issuer's Extraordinary General Meeting of Shareholders decided to cover the loss of the Company in the financial year 2015, amounting to PLN 7,757,000.00 from the subsequent years' profits.

## Note 9 Contingent liabilities and receivables

As at Tuesday, June 30, 2015, the Parent held the following contingent liabilities:

- a bank guarantee issued by Alior Bank S.A. on April 23, 2013 up to the amount of PLN 433,081.60 for Bertie Investment Sp. z o.o. concerning the lease of the office space at ul. Puławska 182. The guarantee is valid until April 22, 2016.
- a bank guarantee issued by PKO Bank S.A. on May 05, 2016 up to the amount of PLN 433,816.66 for Bertie Investment Sp. z o.o. concerning the lease of the office space at ul. Puławska 182. The guarantee is valid until December 25, 2018.
- in-blanco promissory note, issued in June 2014, to secure repayment of financing granted by the Ministry of Economy seated in Warsaw, based on a project financing agreement entitled "Promotion of CI Games S.A. and increase of the Company's competitiveness on the international market -Gamescom" no. POIG.06.05.02-00-587/13-00 in the amount of PLN 264,750. The promissory note is valid until the end of August 2017.
- in-blanco promissory note, together with the promissory note declaration, issued on May 27, 2015 to secure repayment of the overdraft facility agreement granted by PKO Bank Polski S.A. in the amount of PLN 5,000,000.00 on May 27, 2015.

- in-blanco promissory note, together with the promissory note declaration, issued on May 27, 2015 to secure repayment of the open-end current loan agreement granted by PKO Bank Polski S.A. in the amount of PLN 20,000,000.00 on May 27, 2015.

**Note 10 Transactions with related parties**

Transactions with companies related personally with Marek Tymiński, major shareholder of the parent Company, who controls the following entities directly or indirectly:

| | COSTS | REVENUES | RECEIVABLES | LIABILITIES |
|---|---|---|---|---|
| Onimedia Sp. z o.o. | - | 1 | 4 | - |
| Premium Restaurants Sp. z o.o. | 12 | 1 | - | 12 |
| Premium Food Restaurants S.A. | 13 | 25 | 34 | 3 |
| Tech Marek Tymiński | 30 | - | - | 5 |
| Fine Fining Sp. z o.o. | - | 4 | 24 | - |
| **TOTAL** | **55** | **31** | **62** | **20** |

Transactions with companies related personally with Supervisory and Management Board Members:

| | COSTS | REVENUES | RECEIVABLES | LIABILITIES |
|---|---|---|---|---|
| APKO Adam Pieniacki | 178 | - | - | - |
| **TOTAL** | **178** | **-** | **-** | **-** |

**Note 11 Remuneration of the Management and Supervisory Board Members**

Remuneration calculated for the Management Board Members in the period from 1 January 2016 to 30 June 2016 (gross, in thousand PLN):

| | |
|---|---|
| Marek Tymiński - President | 501 |
| Adam Pieniacki - Member | 244 |
| Monika Rumianek - Member | 114 |
| Łukasz Misiurski - Member until 27.03.2016 | 54 |

Remuneration calculated for the Supervisory Board Members in the period from 1 January 2016 to 30 June 2016 (gross, in thousand PLN):

| | |
|---|---|
| Dasza Gadomska - Chairwoman | 8 |
| Grzegorz Leszczyński - Member | 6 |
| Tomasz Litwiniuk - Member | 6 |
| Mariusz Sawoniewski - Member | 6 |
| Norbert Biedrzycki - Member | 6 |

## Note 12 Liabilities related to credits, loans and other debt instruments as well as financial liabilities

On 27 May 2015 the Management Board of CI Games S.A. executed two loan agreements with Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna, seated in Warsaw: overdraft facility and open-end current loan agreements with the total value of PLN 15,000,000.00 (in words: PLN fifteen million). Both agreements have been concluded for the period of two years. The subject of the credit agreement in a current account is granting the Company a credit of total value of PLN 5,000,000.00 (in words: PLN five million) to be used to finance current liabilities resulting from the conducted business activity of the Company. The subject of the agreement on revolving solution is granting the Company a revolving credit of total value of PLN 10,000,000.00 (in words: PLN ten million) to be used to finance the production of new titles of computer games published by the Company. On February 10, 2016 the Management Board of CI Games S.A. executed an Amendment to the Open-end Current Loan Agreement with Powszechna Kasa Oszczędności Bank Polski S.A. to increase the loan amount to PLN 20,000,000.00 (say: PLN twenty million).

Both credits are variable-rate loans, based on WIBOR rate, increased by the Bank’s margin and their interest rate is not higher than 1.8 pp.

Collateral agreement for the credit in a current account consist of:

1) loan repayment guarantee granted within the portfolio guarantee line de minimis;
2) registered lien on the Company's bank accounts kept by the Bank;
3) blank promissory note issued by the Company together with promissory note declaration;
4) clause on deducting money from all bank accounts of the Company kept by the Bank.

Collateral agreement for the revolving solution consists of:

1) registered lien on the Company shares totalling 1,898,740, held by Marek Tymiński, Company shareholder;
2) registered lien on the Company monetary claims vis-a-vis three important vendors of the Company;
3) registered lien on the Company's bank accounts kept by the Bank;
4) blank promissory note issued by the Company together with promissory note declaration;
5) clause on deducting money from all bank accounts of the Company kept by the Bank. Other provisions of the agreements do not differ from those commonly applied to those kinds of agreements.

## Note 13 Events after the balance sheet date

There are no material events after the balance sheet date, affecting evaluation of the financial and material standing of the Issuer. The other events after the balance sheet date were described in the Report on the Management Board's operations.

# Midyear abbreviated individual financial statement of CI Games S.A. for the period from 1 January 2016 to 30 June 2016

## Individual statement on the financial situation as at 30 June 2016

| | ASSETS | 6/30/2016 | 12/31/2015 | 6/30/2015 |
|---|---|---|---|---|
| | | PLN thousand | PLN thousand | PLN thousand |
| **A.** | **NON-CURRENT ASSETS** | **83,381** | **75,489** | **66,640** |
| | Tangible fixed assets | 888 | 971 | 1,054 |
| | Intangible assets | 53,893 | 45,303 | 34,976 |
| | Interests in subsidiaries, associates and jointly controlled entities | 4,597 | 4,597 | 4,597 |
| | Non-current investments | 179 | 136 | 91 |
| | Deferred income tax assets | 23,824 | 24,482 | 25,922 |
| **B.** | **CURRENT ASSETS** | **13,149** | **16,372** | **24,257** |
| | Inventory | 2,933 | 4,333 | 3,367 |
| | Current investments | 16 | 19 | 15 |
| | Trade receivables | 3,343 | 3,966 | 8,143 |
| | Income tax receivables | 472 | - | 69 |
| | Cash and cash equivalents | 5,032 | 6,355 | 11,140 |
| | Other current assets | 1,353 | 1,699 | 1,523 |
| **TOTAL ASSETS** | | **96,530** | **91,861** | **90,897** |

Midyear abbreviated individual financial statement should be read together with the midyear abbreviated consolidated financial statement.

**Individual statement on the financial situation as at 30 June 2016 (ctd.)**

| | LIABILITIES | 6/30/2016 | 12/31/2015 | 6/30/2015 |
|---|---|---|---|---|
| | | PLN thousand | PLN thousand | PLN thousand |
| **A.** | **EQUITY** | **70,169** | **72,658** | **76,971** |
| | Share capital | 1,391 | 1,391 | 1,391 |
| | Share premium | 15,530 | 15,530 | 15,530 |
| | Reserve capital for the acquisition of shares | 16,000 | 16,000 | 16,000 |
| | Dividend capital | 1,017 | 1,017 | - |
| | Retained earnings | 36,231 | 38,720 | 44,050 |
| | including profit for the period | - 2,489 | - 7,757 | - 3,445 |
| | **Equity attributable to owners of the Parent** | **70,169** | **72,658** | **76,971** |
| **B.** | **LIABILITIES** | **26,361** | **19,203** | **13,926** |
| | **Non-current liabilities** | **2,745** | **2,748** | **3,867** |
| | Provision for retirement and similar benefits | - | - | 27 |
| | Deferred income tax provision | 2,745 | 2,748 | 3,841 |
| | **Short-term liabilities** | **23,616** | **16,455** | **10,059** |
| | Borrowings including credits, loans and other debt instruments | 14,795 | 5,677 | - |
| | Trade liabilities | 8,165 | 9,522 | 8,698 |
| | Finance lease liabilities | - | - | 1 |
| | Other liabilities | 340 | 166 | 239 |
| | Other current provisions | 316 | 1,090 | 1,121 |
| **TOTAL EQUITY AND LIABILITIES** | | **96,530** | **91,861** | **90,897** |
| | **Book value (in PLN thousand)** | **70,169** | **72,658** | **76,971** |
| | **Number of shares (in thousands)** | **13,914** | **13,914** | **13,914** |
| | **Book value per share (in PLN)** | **5.04** | **5.22** | **5.53** |

Midyear abbreviated individual financial statement should be read together with the midyear abbreviated consolidated financial statement.

## Individual profit and loss account for the period from 1 January 2016 to 30 June 2016

| | for the period 1 Jan. - 30 June 2016 | for the period 1 Jan. - 30 June 2015 | for the period 1 Jan. - 31 Dec. 2015 |
|---|---|---|---|
| | PLN thousand | PLN thousand | PLN thousand |
| **Continuing operations** | | | |
| **Net revenue from sales** | **10,249** | **5,326** | **14,397** |
| Revenue from sale of products and services | 9,897 | 5,326 | 14,397 |
| Revenue from sale of goods and materials | 352 | - | - |
| **Costs of products, goods and services sold** | **- 8,417** | **- 6,770** | **- 14 726** |
| Manufacturing cost of products sold | - 8,177 | - 6,770 | - 14 726 |
| Value of goods and materials sold | - 240 | | |
| **Gross profit (loss) on sales** | **1,832** | **- 1,444** | **- 329** |
| Other operating revenues | 210 | 808 | 1,086 |
| Selling costs | - 1,099 | - 1,694 | - 4,600 |
| General and administrative costs | - 2,398 | - 2,548 | - 5,172 |
| Other operating expenses | - 831 | - 483 | - 1,635 |
| **Profit (loss) on operating activities** | **- 2,286** | **- 5,360** | **- 10,650** |
| Financial revenues | 603 | 1,068 | 2,446 |
| Financial expenses | - 154 | - 84 | - 138 |
| **Profit (loss) before tax** | **- 1,837** | **- 4,376** | **- 8,342** |
| Income tax | - 652 | 931 | 585 |
| **Profit (loss) on continuing operations** | **- 2,489** | **- 3,445** | **- 7,757** |
| **Discontinued operations** | - | - | - |
| Loss from discontinued operations | - | - | - |
| **NET PROFIT (LOSS)** | **- 2,489** | **- 3,445** | **- 7,757** |
| **Total other comprehensive income, including:** | | | |
| Exchange differences on translation of foreign operations | - | - | - |
| **TOTAL INCOME FOR THE FINANCIAL YEAR:** | **- 2,489** | **- 3,445** | **- 7,757** |
| **attributable to owners of the parent** | **- 2,489** | **- 3,445** | **- 7,757** |
| **attributable to non-controlling interests** | **-** | **-** | **-** |
| **Net profit (loss) in thousands of PLN** | **-2,489** | **-3,445** | **-7,757** |
| **Number of shares (in thousands)** | **13,914** | **13,914** | **13,914** |
| **Profit (loss) per ordinary share (in PLN)** | **-0.18** | **-0.25** | **-0.56** |

Midyear abbreviated individual financial statement should be read together with the midyear abbreviated consolidated financial statement.

**Individual statement of changes in equity for the period from 1 January 2016 to 30 June 2016**

| FOR THE PERIOD Jan. 1 - June 30, 2016 | Share capital | Share premium | reserve capital for the purchase of own shares | Dividend capital | Retained earnings | Total equity |
|---|---|---|---|---|---|---|
| **AS AT JAN. 1, 2016** | **1,391** | **15,530** | **16,000** | **1,017** | **38,720** | **72,658** |
| Changes in accounting policy | | | | | | - |
| **AS AT 1 JAN. 2016, AFTER CONVERSION** | **1,391** | **15,530** | **16,000** | **1,017** | **38,720** | **72,658** |
| **CHANGES IN EQUITY** | | | | | | |
| Profit and loss for the period | | | | | - 2,489 | - 2,489 |
| **AS AT JUNE 30, 2016** | **1,391** | **15,530** | **16,000** | **1,017** | **36,231** | **70,169** |

| FOR THE PERIOD Jan. 1 - June 30, 2015 | Share capital | Share premium | reserve capital for the purchase of own shares | Dividend capital | Retained earnings | Total equity |
|---|---|---|---|---|---|---|
| **AS AT 1 JAN. 2015** | **1,391** | **15,530** | **16,000** | **-** | **47,495** | **80,416** |
| Changes in accounting policy | - | - | - | | - | - |
| **AS AT 1 JAN. 2015, AFTER CONVERSION** | **1,391** | **15,530** | **16,000** | **-** | **47,495** | **80,416** |
| **CHANGES IN EQUITY** | | | | | | |
| Profit and loss for the period | - | - | - | - | - 3,444 | - 3,444 |
| **AS AT JUNE 30, 2015** | **1,391** | **15,530** | **16,000** | **-** | **44,050** | **76,971** |

**Individual statement of changes in equity for the period from 1 January 2016 to 30 June 2016 (ctd.)**

| FOR THE PERIOD Jan. 1 - Dec. 31, 2015 | Share capital | Share premium | reserve capital for the purchase of own shares | Dividend capital | Retained earnings | Total equity |
|---|---|---|---|---|---|---|
| **AS AT 1 JAN. 2015** | **1,391** | **15,530** | **16,000** | **-** | **47,495** | **80,416** |
| Changes in accounting policy | - | - | - | | - | - |
| **AS AT 1 JAN. 2015, AFTER CONVERSION** | **1,391** | **15,530** | **16,000** | **-** | **47,495** | **80,416** |
| **CHANGES IN EQUITY** | | | | | | |
| Profit and loss for the period | - | - | - | - | - 7,757 | - 7,757 |
| Distribution of profits | - | - | - | 1,017 | - 1,017 | - |
| **AS AT 31 DEC. 2015** | **1,391** | **15,530** | **16,000** | **1,017** | **38,720** | **72,658** |

Midyear abbreviated individual financial statement should be read together with the midyear abbreviated consolidated financial statement.

## Individual cash flow statement for the period from 1 January 2016 to 30 June 2016

| | for the period 1 Jan. - 30 June 2016 | for the period 1 Jan. - 30 June 2015 | for the period 1 Jan. - 31 Dec. 2015 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| **Gross profit / (loss)** | **- 1,837** | **- 4,376** | **- 8,342** |
| **Total adjustments** | **4,586** | **17,070** | **26,623** |
| Depreciation | 4,649 | 5,008 | 10,770 |
| Profit (loss) on exchange differences | - 5 | 8 | 8 |
| Interest | - 1 | 11 | 7 |
| Commission on bonds | - | 6 | 6 |
| Profit (loss) on sale of non-current assets | - | - 22 | - 24 |
| Change in receivables | 151 | 16,114 | 20,291 |
| Change in inventory and prepayments | 1,400 | - 218 | - 1,184 |
| Change in trade and other payables | - 2,107 | - 3,800 | - 3,075 |
| Change in employee benefit provisions and liabilities | 150 | - | - 31 |
| Change in other current assets | 346 | 32 | - 145 |
| Tax paid | 3 | - 69 | - |
| **Net cash flows from operating activities** | **2,749** | **12,693** | **18,281** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Proceeds from sale of property, plant and equipment and intangible assets | - | 24 | 35 |
| Repayment of borrowings | 3 | 167 | 170 |
| Cash outflows on acquisition of property, plant and equipment and intangible assets | - 249 | - 54 | - 184 |
| Cash outflows on development works | - 12,907 | - 10,226 | - 26,110 |
| Cash outflows on loans granted | - 37 | - 42 | - 90 |
| **Net cash from investing activities** | **- 13,190** | **- 10,130** | **- 26,179** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Incurrence of borrowings | 9,118 | | 5,677 |
| Commission on bonds | - | - 6 | - 6 |
| Repayment of finance lease liabilities | - | - 13 | - 14 |
| Interest | - | - 11 | - 11 |
| Cash outflows on repayment of credits and loans | - | - 11 | - 11 |
| **Net cash from financing activities** | **9,118** | **- 41** | **5,635** |
| **TOTAL NET CASH FLOWS** | **- 1,323** | **2,521** | **- 2,263** |
| **EXCHANGE DIFFERENCES ON CASH** | - | - | - |
| **BALANCE SHEET CHANGES IN CASH AND CASH EQUIVALENTS** | **-** | **2,522** | **- 2,263** |
| **CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD** | **6,355** | **8,618** | **8,618** |
| **CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD** | **5,032** | **11,140** | **6,355** |

Midyear abbreviated individual financial statement should be read together with the midyear abbreviated consolidated financial statement.

## Additional information to the midyear abbreviated individual financial statement of CI Games S.A. for the period from 1 January 2016 to 30 June 2016

### Note 1 Transactions with related parties

| | COSTS | REVENUES | RECEIVABLES | LIABILITIES |
|---|---|---|---|---|
| CI Games Germany GmbH in liquidation | - | 2 | 16 | - |
| CI Games USA Inc. | 7 | 1,710 | - | 2,360 |
| City Interactive Peru | - | - | - | - |
| City Interactive Studio S.R.L. | - | - | - | - |
| CI Games Cyprus Ltd. | - | 9 | 179 | 2,116 |
| Business Area Sp. z o.o. | - | 4 | 9 | - |
| Business Area Sp. z o.o. sp.j. | - | 260 | 2 | 1,469 |
| CI Games S.A. sp. j. | 107 | 4 | 2 | 125 |
| **TOTAL** | **114** | **1,989** | **208** | **6,070** |

**Marek Tymiński**

President of the Management Board

**Adam Pieniacki**

Member of the Management Board

**Monika Rumianek**
Member of the Management Board

Warsaw, August 30, 2016